

Message Text

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ACTION STR-01

INFO OCT-01 EUR-10 EA-07 ISO-00 SP-02 AID-05 EB-03 NSC-07

RSC-01 CIEP-01 TRSE-00 SS-14 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-10 NSAE-00 XMB-01 OPIC-02 LAB-01

SIL-01 FEA-01 AEC-05 DODE-00 FPC-01 H-01 INT-01 L-02

PM-03 SAM-01 SCI-03 PA-01 USIA-04 PRS-01 AGR-03 DRC-01

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R 092156Z OCT 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4734

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

C O N F I D E N T I A L OTTAWA 3332

E.O. 11652: GDS

TAGS: ETRD, OVIP (EBERLE, WILLIAM D.)

SUBJ: AMBASSADOR EBERLE'S PRESIDENTIAL ECONOMIC MISSION

REF: STATE 220225 AND SUBSEQUENT MESSAGES

1. SUMMARY: AMBASSADOR EBERLE'S BRIEF VISIT TO
CANADA WAS HIGHLY SUCCESSFUL. GOVERNMENT LEADERS
WITH WHOM HE MET EXPRESSED WARM APPRECIATION FOR
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FACT THAT EBERLE WAS IN OTTAWA SO SOON AFTER

PRESIDENT HAD DELIVERED HIS ECONOMIC MESSAGE TO CONGRESS. THEY WISHED PRESIDENT SUCCESS GENERALLY IN PURSUING HIS NEW PROGRAM, RAISED SOME QUESTIONS, NOTED POTENTIAL IMPACT OF SOME OF MEASURES ON CANADIAN INTERESTS, AND URGED FOLLOW-UP CONSULTATIONS ON DETAILED ASPECTS OF PROGRAM. EBERLE SAID U.S. WOULD WELCOME CONSULTATIONS AND SUGGESTED THAT GOC COME FORWARD WITH SPECIFIC IDEAS ON CONSULTATION AFTER OFFICIALS HAD OPPORTUNITY TO DIGEST PRESIDENT'S MESSAGE AND FACT SHEET AND TO ASSESS IMPLICATIONS. END SUMMARY.

2. EBERLE AND SUBSTANTIVE MEMBERS OF HIS DELEGATION MET FROM 6:15-7:30 P.M. WITH EXTERNAL AFFAIRS MINISTER ALLAN MACEACHEN, FINANCE MINISTER JOHN TURNER, INDUSTRY, TRADE AND COMMERCE MINISTER ALISTAIR GILLESPIE, AND ABOUT TWENTY OTHER SENIOR GOC OFFICIALS REPRESENTING EXTAFF, FINANCE, IT&C, AGRICULTURE, ENERGY, MINES AND RESOURCES, PRIME MINISTER'S OFFICE, AND PRIVY COUNCIL OFFICE.

3. MACEACHEN WELCOMED EBERLE IN NAME OF PRIME MINISTER AND EBERLE THEN SPENT FIRST HALF OF MEETING REVIEWING PRESIDENT'S NEW PROGRAM AND SOME OF THINKING THAT HAD GONE INTO PARTICULAR ELEMENTS OF THE PACKAGE. HE STRESSED IMPORTANCE THAT USG ATTACHES TO INTERNATIONAL COOPERATION IN DEALING WITH SERIOUS WORLD ECONOMIC PROBLEMS.

4. MACEACHEN THANKED EBERLE FOR HIS PRESENTATION OF WHAT HE CALLED A "CHALLENGING PACKAGE." HE SAID HE WAS PLEASED AT SOME OF OPTIMISTIC NOTES, ESPECIALLY PROSPECT THAT TRADE REFORM BILL WOULD BE PASSED BY PRESENT CONGRESS. EBERLE'S STRESS ON U.S. DETERMINATION TO EXERCISE INTERNATIONAL LEADERSHIP, HE SAID, "STRIKES A RESPONSIVE CHORD HERE." HE NOTED THAT SOME OF MEASURES WOULD HAVE IMPACT ON CANADA AND GOC WOULD WISH TO ASSESS THESE AND KEEP IN CLOSE TOUCH WITH U.S. ON THEM.

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5. TURNER, ECHOING MACEACHEN, SAID HE WAS VERY GRATEFUL TO HAVE EBERLE VISIT ALMOST SIMULTANEOUSLY WITH DELIVERY OF PRESIDENT'S MESSAGE. "WE APPRECIATE U.S. LEADERSHIP, AS OPPOSED TO U.S. DOMINATION." TURNER COMMENTED THAT WORLD ECONOMY IS CONTAGIOUS AND HE WAS GENERALLY PLEASED AT NATURE OF PRESIDENT'S PROGRAM, PARTICULARLY THAT IT WAS "NOT DEFLATIONARY IN A DRACONIAN WAY." "YOU WILL FIND A LOT OF GOOD

WILL FOR THE PRESIDENT HERE," HE SAID. HE EMPHASIZED THE NEED FOR FOLLOW-UP CONSULTATION ON MEASURES THAT IMPACT ON CANADA.

6. GILLESPIE ALSO EXPRESSED HIS THANKS FOR VISIT AND SAID "WE WISH YOU WELL." HE RAISED SOME QUESTIONS ABOUT PROPOSALS TO REQUIRE AUTO COMPANIES TO IMPROVE GAS MILEAGE BY 40 PERCENT. HE WAS PARTICULARLY INTERESTED IN TIMING OF CHANGES NOTING THAT MUCH LEAD TIME IS REQUIRED. GIVEN INTEGRATED NATURE OF NORTH AMERICAN INDUSTRY, THESE MEASURES WOULD HAVE DIRECT IMPACT ON CANADA AND IT WOULD BE IMPORTANT TO WORK TOGETHER.

7. TURNER RAISED QUESTION OF RECYCLING OF OIL MONEY. AS CHAIRMEN OF NEW IMF INTERIM COMMITTEE HE WAS ESPECIALLY CONCERN ABOUT U.S. POSITION. HE SAID THAT HE THOUGHT IT WOULD BE IMPORTANT TO HAVE FURTHER DISCUSSIONS ON THIS MATTER IF WE WERE TO COME TO MEETING OF MINDS. HE ASKED EBERLE TO RELAY HIS VIEW THAT SOME FLEXIBILITY IN U.S. POSITION WAS ESSENTIAL. EBERLE AND BOEKER RESPONDED THAT U.S. DID NOT HAVE A CLOSED MIND ON ISSUES. WHAT HAS BEEN INTERPRETED AS NEGATIVE U.S. POSITION IS BASED ON COMBINATION OF LEGITIMATE SKEPTICISM ABOUT NEED FOR NEW RECYCLING FACILITY AND UNENTHUSIASTIC REACTION TO SPECIFIC PROPOSALS THAT HAVE BEEN PUT FORWARD. AS LONG AS INTERIM COMMITTEE IS OPEN FOR IDEAS, IT WILL HAVE U.S. SUPPORT.

8. GOC REPS WERE INTERESTED IN AGRICULTURAL POLICIES AND TURNER STRESSED NEED FOR U.S. TO MAKE CLEAR PUBLICLY DISTINCTION BETWEEN PRESENT APPROACH TO CONFIDENTIAL

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EXPORTS AND EXPORT CONTROLS. EBERLE AND SEEVERS, DESCRIBING U.S. POSITION, EMPHASIZED U.S. VIEW THAT SUPPLY SHORTAGES (E.G. FOODGRAINS) THAT CAN BE ANTICIPATED UNTIL NEW CROPS COME IN SHOULD BE EQUITABLY SHARED AND THAT THIS CAN BEST BE ACHIEVED THROUGH CONSULTATION WITH TRADING PARTNERS AND MUTUAL AGREEMENT TO RESTRAIN DEMAND. WHAT WE CANNOT ACCEPT IS SITUATION IN WHICH ONE COUNTRY INCREASES ITS PURCHASES FOR STOCKPILING OR, PERHAPS, POLITICAL PURPOSES WHILE OTHERS ARE REDUCING CONSUMPTION.

9. CONCLUDING MEETING MACEACHEN SAID THAT IN MEETING WITH PRESS HE WOULD SAY HOW APPRECIATIVE GOC WAS OF OPPORTUNITY FOR BRIEFING, THAT GOC

HAD EXPRESSED SINCERE GOOD WISHES TO U.S. DELEGATION, THAT SOME OF U.S. MEASURES WOULD HAVE IMPACT ON CANADA BUT THAT THESE HAD NOT BEEN ASSESSED YET, THAT GOC WOULD ASSESS THEM AND THERE WOULD BE FURTHER CONSULTATIONS AT OFFICIAL LEVEL. EBERLE AGREED ON DESIRABILITY OF FURTHER CONSULTATIONS AND SAID HE WOULD TAKE POSITION THAT THIS MEETING HAD BEEN START OF CONSULTATION PROCESS.

10. FOLLOWING MEETING EXTAFH HOSTS OFFERED LIGHT REFRESHMENTS BEFORE EBERLE PARTY'S DEPARTURE FOR AIRPORT. EBERLE HAD SHORT MEETING WITH MEDIA REPRESENTATIVES AT EXTAFH AND AGAIN AT AIRPORT (MEDIA COVERAGE WILL BE REPORTED SEPARATELY) AND PARTY TOOK OFF FROM OTTAWA ON SCHEDULE AT 9 P.M.

11. THIS REPORT WAS DRAFTED AFTER AMBASSADOR EBERLE'S DEPARTURE AND HAS NOT BEEN CLEARED BY HIM. PORTER

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